

Program B: Loan Operations

Program Authorization: R.S. 36:642d(2); R.S. 36:650-615B; R.S. 17:3021 et seq; R.S. 56:797; P.L. 100-50; Acts 476 of 1997 Regular Session

Program Description

The mission of the Loan Operations Program is to administer and operate the federal and state educational loan programs for the benefit of all program participants.

The goals of the Loan Operations Program is to effectively and efficiently administer federal and state loan programs in compliance with statutory authority and regulation.

The Loan Operations Program includes the following activities:

1. Loan Administration - Processes new loans and services existing loan guarantees on behalf of the borrower and holder of the loan note.
2. Preclaims Section - Assists lenders, servicers, and delinquent borrowers in avoiding defaults on delinquent loans.
3. Claims Section - Processes claims against the loan guarantee filed by holders of the note and ensures that all claims scheduled for payment meet program requirements.
4. Collections Section - Maintains inventory control and collection activities to maximize recovery of defaulted loans and to ensure compliance with program regulations.

The Loan Operations Program administers federal and state student loan programs and performs the functions of loan origination and servicing, default prevention, default claim payment, and default recoveries.

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 2000-2001	ACT 12 2001-2002	EXISTING 2001-2002	CONTINUATION 2002-2003	RECOMMENDED 2002-2003	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$12,163	\$12,162	\$12,162	\$12,162	\$12,162	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	12,300	14,414	14,414	14,414	14,414	0
Statutory Dedications	1,904	2,582,620	2,582,620	2,582,730	2,350,000	(232,620)
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	19,020,106	30,442,237	30,442,237	30,997,214	30,692,279	250,042
TOTAL MEANS OF FINANCING	\$19,046,473	\$33,051,433	\$33,051,433	\$33,606,520	\$33,068,855	\$17,422
EXPENDITURES & REQUEST:						
Salaries	\$1,728,384	\$2,053,140	\$2,053,140	\$2,159,945	\$2,018,248	(\$34,892)
Other Compensation	49,205	62,551	62,551	62,551	62,551	0
Related Benefits	320,196	391,985	391,985	502,867	396,854	4,869
Total Operating Expenses	588,846	857,065	857,065	587,721	615,804	(241,261)
Professional Services	35,800	180,000	180,000	184,320	180,000	0
Total Other Charges	16,255,441	29,506,692	29,506,692	29,984,116	29,670,398	163,706
Total Acq. & Major Repairs	68,601	0	0	125,000	125,000	125,000
TOTAL EXPENDITURES AND REQUEST	\$19,046,473	\$33,051,433	\$33,051,433	\$33,606,520	\$33,068,855	\$17,422
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	68	72	72	72	68	(4)
Unclassified	1	0	0	0	0	0
TOTAL	69	72	72	72	68	(4)

SOURCE OF FUNDING

This program is funded with the General Fund, Fees and Self-generated Revenues, Statutory Dedications, and Federal Funds. The Fees and Self-generated Revenue is derived from fees paid for participating school appealing their federal cohort default rate. The Statutory Dedications are from the Louisiana Employment Opportunity Loan Fund (created in La. R.S. 17:3046.4 from loan recovery proceeds) and the Louisiana Opportunity Loan Fund (created in La. R.S. 17:3045.2 from the loan proceeds). (Per R.S. 39:36B.(8), see table below for a listing of expenditures out of each Statutory Dedicated fund.) The Federal Funds are from the Federal Family Education Loan (FFEL) Program's various administrative cost allowances and reimbursement of defaulted student loan claim payments made to participating lenders.

	ACTUAL	ACT 12	EXISTING	CONTINUATION	RECOMMENDED	RECOMMENDED
	2000-2001	2001-2002	2001-2002	2002-2003	2002-2003	OVER/(UNDER)
						EXISTING
Louisiana Employment Opportunity Loan Fund	\$1,904	\$332,620	\$332,620	\$332,620	\$100,000	(\$232,620)
Louisiana Opportunity Loan Fund	\$0	\$2,250,000	\$2,250,000	\$2,250,110	\$2,250,000	\$0

MAJOR FINANCIAL CHANGES

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$12,162	\$33,051,433	72	ACT 12 FISCAL YEAR 2001-2002
			BA-7 TRANSACTIONS:
\$0	\$0	0	None
\$12,162	\$33,051,433	72	EXISTING OPERATING BUDGET - December 20, 2001
\$0	\$44,083	0	Annualization of FY 2001-2002 Classified State Employees Merit Increase
\$0	\$48,001	0	Classified State Employees Merit Increases for FY 2002-2003
\$0	(\$24,658)	0	Risk Management Adjustment
\$0	\$125,000	0	Acquisitions & Major Repairs
\$0	\$85,019	0	Salary Base Adjustment
\$0	(\$44,410)	0	Attrition Adjustment
\$0	\$14,817	0	Other Annualizations - Accounting training series salary annualization
\$0	\$189,723	0	Other Adjustments - Software maintenance contract funding
\$0	\$20,678	0	Other Adjustments - Accounting training series salary adjustment
\$0	(\$232,620)	0	Other Adjustments - bring Louisiana Employment Opportunity Loan default recovery funding in line with historical expenditure pattern
\$0	(\$208,211)	(4)	Technical Transfer in Adjustments - transfer out four positions and associated funding to the Administration/Support Program to accurately align job functions with appropriate program.
\$12,162	\$33,068,855	68	TOTAL RECOMMENDED
\$0	\$0	0	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS
\$12,162	\$33,068,855	68	BASE EXECUTIVE BUDGET FISCAL YEAR 2002-2003
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$0	\$0	0	None
\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
\$12,162	\$33,068,855	68	GRAND TOTAL RECOMMENDED

PROFESSIONAL SERVICES

\$180,000 Administrative Hearing Officer for administrative wage garnishment hearings

\$180,000 TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$62,236	La. Employment Opportunity Loan Program - Default payments of the program
\$500,000	IRS tax offset refunds to borrowers
\$650,000	Default Aversion Fee - Federal fund to offset the cost of default aversion activities
\$1,256,242	Collection Contractors - outside collection agencies to collect defaulted student loans
\$1,599,172	USA Group - Software support for the Federal Family Education Loan Program (FFELP)
\$2,250,000	La. Opportunity Loan Program - Low interest non-subsidized educational loans
\$4,145,611	Net student loan default payments
\$18,847,278	Refund of Reinsurance - Secretary of Education's equitable share of collections on defaulted loans

\$29,310,539 SUB-TOTAL OTHER CHARGES

Interagency Transfers:

\$12,263	Legislative Auditor - Annual audit contract
\$128,457	Building rent
\$188,874	Office of Telecommunications Management - Telecommunication charges
\$11,096	Office of Risk Management - insurance coverage charges
\$12,034	State Treasury - banking charges
\$7,135	Department of Civil Service - personnel service charges

\$359,859 SUB-TOTAL INTERAGENCY TRANSFERS

\$29,670,398 TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$125,000	Computer software and hardware upgrades associated with the autodialer - used for default preventions and collections activities required for FFELP
\$125,000	TOTAL ACQUISITIONS AND MAJOR REPAIRS